

King County Employees Deferred Compensation Plan

Board Meeting Minutes

February 8, 2017

Board Members: Krista Camenzind, Tom Beavers, Thomas Friedman, Pat Hamacher, Doug Hodson, Nigel Lewis and Lisa Parriott (via phone)

Staff: O.C. Collier-Brown

Guests: Jayson Davidson of Hyas, Michelle Fujiwara, Samantha Gertz of T. Rowe Price, Carmen Johnson and Guen Toste of T. Rowe Price

Agenda Review

None

Participant / Employee Comments

None

Adopt January Meeting Minutes

The January meeting minutes were adopted as written.

Report of the Investment Advisor

Jayson presented the Fourth Quarter 2016 Performance Report and the Board discussed each of the Plan's available investment options. The Plan's lone watch status fund, the T. Rowe Price Equity Income Fund, remained in violation of performance relative to investment policy parameters as of quarter-end. Jayson noted that the performance of the Fund was above benchmarks for the quarter and calendar year.

The Board reviewed the Hyas Group prepared CIT vs. Mutual Fund Fee and Return Summary and the Board again weighed the prospect of transitioning out of the mutual fund vehicle and into a no revenue share CIT vehicle. After discussion, no action was taken, as the Board felt comfortable with the current structure where all revenue share is credited to participants in revenue sharing funds. Jayson will continue to monitor any differences between the products and will plan to revisit the discussion next year.

Jayson distributed a "report page expense summary key" for the Board's review. This document was created to help explain the different cells and columns on the expense and revenue share reconciliation page of Hyas' performance report. Jayson will forward an electronic version for distribution to the Board members that weren't in attendance.

Jayson informed the Board of a leadership change at Franklin Templeton Investments. Co-President, Vijay Advanti, has departed the firm leaving Jennifer Johnson as the sole person in the President role. Neither Ms. Johnson nor Mr. Advanti have any fund management responsibilities for any products within the County's Plan thus, Hyas is not recommending any watch action at this time.

Report of the Third Party Administrator

Fourth quarter 2016 information was circulated prior to the meeting. During the meeting, O.C. Collier-Brown distributed an Executive Summary handout.

The following Plan highlights were noted as of December 31, 2016:

- Plan assets were \$800,836,001 representing a 6% increase since December 31 2015;
- There were 8,310 participants in the Plan which is a .84% decrease from 12/31/2015;
- The decrease in participants was due mainly to retirees rolling over or withdrawing their funds rather than remaining in the plan;
- The average Participant account balance was \$96,353; and
- Notably, there were 177 participants with a balance between \$500,000 and \$750,000, 27 participants with a balance between \$750,000 and \$1 million and 6 participants with a balance between \$1 and \$1.5 million.

Matt McOsker, Technology Specialist from T. Rowe Price, provided a presentation on some enhanced website capabilities and the proposed communication strategy to be launched in 2017. Of particular note is that many of the web and mobile capabilities now include the ability to input pension and outside investment related information so participants can receive a more complete financial picture.

Report of the Plan Administrator

None

Report of the Chair

None

Other Business

None